To : Hamish Maxwell

cc. TG, WTM, GEK, JRH,
LR, CW, MJ (PM EEC)
R.W.Murray, F.H.Dulles
T.M.Kearns, L.Pollak
R.L.Snyder,
K.Haley (PMI)

FLASH FOR WEEK ENDING FEBRUARY 25, 1983

RECEIVED
FEB 24 1983
HAMISH MAXWELL

I. LEGAL

1. F.C.O.

a) Messrs. Axster, Hirsch and Heidenhain met with Mrs Werner in Berlin on February 10, 1983. Postponement of filing our brief and oral hearing was granted and our brief now has to be filed on April 15 and the oral hearing will take place on June 13 - 15. Mrs Werner was favourable to the idea that an interpreter would be in the Court and a meeting will take place on June 2 between the appellants, FCO and other interested parties to agree an agenda for the oral hearing.

b) Lawyers and other representatives for PM (M. Heidenhain, F. Dulles, W. Martin, K. Hetzer and B. Roos), Rembrandt (O. Axeter and J. du Plessis) and RI (M. Hirsch) met on Thursday, February 24, to review the first draft of the joint brief to be filed with the Berlin Court of Appeals on April 15. The lawyers outlined a plan for the oral hearing in June.

2. AUSTRALIA

We have now received details of the written reply given by the Minister for Primary Industry to the question put by Mr. Kerin in Parliament last year.

He answered that :-

1. Australian tobacco growing industry had not complained that sales would be affected by the PM/Rembrandt deal.
2. He had no indication that competition between PM and Rothmans had lessened since the agreement.
3. The deal will have no impact on marketing of Australian tobacco leaf.
4. The Foreign Investment Board and the trade practices Commission have seen no reason to intervene.

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Source: https://www.industrydocuments.ucsf.edu/docs/spdk0000

II. OPERATIONS

Brinkmann

There is a press report that the trade union (NGG) believes that 300 people will be dismissed by Brinkmann. Brinkmann have stated that the fear is mere speculation and there are no plans for reducing existing staff, however market developments in the tobacco indsutry will determine the decisions to be taken.

III. PLANNING

1. Germany - Chesterfield pack

Permission has been given to Brinkmann for the proposed single color (brown on white) bundle wrap to replace the existing 4 color wrap. Brinkmann requested our agreement under the terms of the license. The bundle wrap indicates a price of DM 33.- i.e. DM 3.30 per pack.

2. Greece

RI's attempts to negotiate an arrangement for license production of their brands by Georgiadis have apparently failed. They have rented a building 40 kms outside Athens and plan to fully equip it with the necessary primary and secondary machinery. Such action would take two years to accomplish, although they could be making cigarettes from imported cut rag within 9 months, if they decided to forsake margins for unit volume in the short term (import duty on cut filler is very high).
Recent import quota restrictions have limited RI's sales volume in the market.

3. Nigeria

Messrs. Maitland and Dundas of CR were in Nigeria for several days from February 8. They visited PMN's facilities in Ilorin and discussed the market situation. Previous discussions with CR have centered on a licensing agreement. Maitland informally raised the question of possible agreement covering contract manufacturing, marketing and distribution. Further discussions are expected to take place.

4. Pakistan

A possible structure, whereby PM, RI and Lakhani would each have shareholdings in both PTI and Lakson, has been mentioned to J. Wood of CR who appears to be in agreement with the general terms described to him. The matter will be studied further.

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Source: https://www.industrydocuments.ucsf.edu/docs/spdk0000

5. Indonesia

PM has drawn up an agreement with Bentoel for the distribution of Marlboro. The principle of profit sharing, in the future event of local production under license, has been accepted. This effectively will end discussions with Faroka.

6. Carling - Canada

The launch of Miller "High Life" in Canada by early summer may be delayed, because one of the ingredients has not been approved by the Canadian authorities, although Pfizer, who supply the ingredient, has advised that there was no problem. Discussions are continuing between all parties in an attempt to resolve the issue.

7. USA - Satin Trademark

Rembrandt's application for Satin Leaf and thereby the ability to stop Lowes Theatre's national launch of Satin, may not very firmly based. It appears that Rembrandt have not been particularly aggressive in defending or extending their rights to oppose Lowes, even though PM's assistance was offered. Rembrandt will have to decide if they want to take any action.

IV. FINANCIAL

1. Canada

Results for the quarter ending December 31, 1982 have been announced and are as follows :

Million C$	December 1982	December 1981
Sales	337.6	297.8
Net Income		
Tobacco	5.6	7.4
Brewing	4.7	3.6
	10.3	11.0

2. RTH's AGM was held on February 17, 1983 at which the 1982 accounts were duly approved.

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Source: https://www.industrydocuments.ucsf.edu/docs/spdk0000

V. GENERAL

1. Carling O'Keefe, Canada

Press reports indicate that Alastair Gillespie, Chairman of Carling O'Keefe, and a Director of RI, has been linked to a case which is receiving much press and parliamentary attention in Canada. It is claimed that Mr. Gillespie has violated conflict of interest guidelines by being involved with the department for which he was a Minister in 1978/79 (Energy Ministry).

Mr. Gillespie is said to be involved in a consortium which obtained money from the federal energy department for a project to turn Cape Breton coal into liquid fuel.

2. Share Price of

	Feb.11, 83	Feb.18, 83
Rothmans International (£)	129p	123p
RI Convertible £/Bonds (DM)	3676 .9426	3666 .940
Dunhill (£)	290p	315p
Carrolls (Irish £)	73p	73p
Tabacofina (BF)	2585	2640
Rothmans of Pall Mall Canada (Can.$)		
- Common	45	41
- Preferred B	12-1/4	12-3/8
Carling O'Keefe (Can.$)		
- Common	12-3/4	13-5/8
- Preferred A	21	20-1/2
Rothmans of Pall Mall Australia (Aus.$)		
- Sydney	6.80	6.80
Rothmans Industries, N.Z. (N.Z.$)	1.63	1.67
Rothmans of Pall Mall Malaysia (Sing.$)	3.38	3.32
Rothmans Industries Ltd (Sing.$)	1.91	2.03

Regards.

E. Houminer

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Source: https://www.industrydocuments.ucsf.edu/docs/spdk0000